

## Wilmington Mayor Bill Saffo's comments at 4-2-15 press conference re: sales tax legislation

I am pleased to be joined by my fellow Mayors here in New Hanover County *and elsewhere* as we stand with Gov. McCrory in his opposition to the recently proposed legislation to redistribute sales tax revenue away from our communities into other parts of the state. Very clearly the legislation as it currently is written would redistribute sales tax revenue across the state and take considerable amounts of funds from population centers and coastal communities, of which our region is both.

I want taxpayers here in New Hanover County to understand how this will impact our communities. For the City of Wilmington, the North Carolina General Assembly's non partisan Fiscal Research Division estimates that we would lose 12.8% of our sales tax revenue which is just under \$3 million. Our city's finance staff believes that to be a conservative estimate of the actual impact. Percentage wise, that is a drop in the bucket compared to the impact to the communities that my fellow Mayors here with us represent.

Supporters of this redistribution, argue that sales tax dollars spent by someone from outside of New Hanover County while shopping at a place like Mayfaire should follow that person back to their home county. Such an idea ignores the local public investments made to make places like Mayfaire an attraction point. For example, a majority of calls that this fire station responds to are from needs related to people traveling in and around the Mayfaire area, not residential fire calls. There were local government investments in aesthetic improvements and the multi-use trail right out front of this fire station. These investments continue to attract office developments and additional commercial space. The same type of investments certainly can be pointed to by our Beach Mayors, not to mention the out of state dollars that we attract here in New Hanover County.

This proposed loss is on top of the loss of around \$2 million from the termination of the Privilege License Tax. These losses amount to over 3.7 cents of property tax. This loss of revenue is equal to losing funding for 69 police officers or 73 firefighters. These losses also equal the budgeted funding for both our entire Streets division **AND** Recreation division. **When all is said and done and the full effect of both the Privilege License Tax loss and full implementation of the proposed sales tax redistribution, the City of Wilmington would face over \$6.5 million revenue loss by FY 2019.** Some legislators have suggested that cities and counties can raise property tax rates to offset those losses. Raising property tax rates to such an extent would have a chilling effect on attracting future development to our communities and state.

I am not opposed to Senator Brown's aspiration to level the playing field between urban and rural, I admire and respect his interest in doing so. Currently a percentage of our state sales tax revenue **IS** distributed on a per capita basis in an effort to aid more rural counties. What we cannot support is a plan that would create winners and losers and pit one community in our great state against another. Instead of picking winners and losers, lets work to develop a strategy that aims to raise all boats.

Lastly, I want our residents to know that this plan takes a locally controlled revenue source and puts it under the control of state government. There is a history in this state, under previous

Governors, to take revenue from other sources to shore up their own budget. This should concern our local taxpayers.

Again I support Governor McCrory when he said recently that this could decimate the travel and tourism industries along our coast and that it could cause great harm to the economic engines of this state. I urge our legislators to not pursue this redistribution plan on the backs of population centers and coastal communities.